

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

| | | | | | | | |
|--|--|--------------|--|--|--|--------|--|
| Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other | | | | Local Government Name | | County | |
| Audit Date | | Opinion Date | | Date Accountant Report Submitted to State: | | | |

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

| | Enclosed | To Be Forwarded | Not Required |
|---|----------|-----------------|--------------|
| The letter of comments and recommendations. | | | |
| Reports on individual federal financial assistance programs (program audits). | | | |
| Single Audit Reports (ASLGU). | | | |

| | | | | |
|--|--|------|-------|----------|
| Certified Public Accountant (Firm Name) | | | | |
| Street Address | | City | State | ZIP Code |
| Accountant Signature <i>Siegfried Crandall P.C.</i> | | | Date | |

Township of Johnstown
Barry County, Michigan
**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**
Year ended March 31, 2006

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Township of Johnstown, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Johnstown, Michigan, as of March 31, 2006, and for the year then ended, which collectively comprise the Township's basic financial statements, as listed in the contents. These financial statements are the responsibility of the Township of Johnstown, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Johnstown, Michigan, as of March 31, 2006, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

The budgetary comparison information, on pages 17 through 21, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Township of Johnstown, Michigan has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Johnstown, Michigan's, basic financial statements. The supplementary information, as listed in the contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Siegfried Crandall P.C.

June 21, 2006

BASIC FINANCIAL STATEMENTS

Township of Johnstown
STATEMENT OF NET ASSETS

March 31, 2006

**Governmental
activities**

ASSETS

Current assets:

| | |
|------------------|---------------|
| Cash | \$ 1,162,339 |
| Receivables, net | 148,211 |
| Prepaid expenses | <u>16,613</u> |

Total current assets 1,327,163

Noncurrent assets:

| | |
|---|----------------|
| Receivables, net | 180,984 |
| Capital assets, net of accumulated depreciation | <u>411,775</u> |

Total noncurrent assets 592,759

Total assets 1,919,922

LIABILITIES

Current liabilities:

| | |
|------------------|---------------|
| Payables | 11,868 |
| Deferred revenue | 49,400 |
| Contract payable | <u>52,256</u> |

Total current liabilities 113,524

Noncurrent liabilities:

| | |
|------------------|----------------|
| Contract payable | <u>156,434</u> |
|------------------|----------------|

Total liabilities 269,958

NET ASSETS

Invested in capital assets 411,775

Restricted for:

| | |
|----------------|----------------|
| Perpetual care | 3,326 |
| Public safety | 193,051 |
| Public works | 202,241 |
| Unrestricted | <u>839,571</u> |

Total net assets \$ 1,649,964

See notes to financial statements

Township of Johnstown
STATEMENT OF ACTIVITIES
Year ended March 31, 2006

| Functions/Programs | <u>Expenses</u> | <u>Program Revenues</u> | | | <u>Net (expenses) revenues and changes in net assets</u> |
|-------------------------------|-------------------|---------------------------------|---|---|--|
| | | <u>Charges for services</u> | <u>Operating grants and contributions</u> | <u>Capital grants and contributions</u> | |
| Governmental activities: | | | | | |
| Legislative | \$ 8,706 | \$ - | \$ - | \$ - | \$ (8,706) |
| General government | 134,722 | 30,591 | - | 4,755 | (99,376) |
| Public safety | 155,847 | 11,375 | - | 5,069 | (139,403) |
| Public works | 105,140 | 24,921 | 3,719 | - | (76,500) |
| Health and welfare | 2,500 | - | - | - | (2,500) |
| Culture and recreation | 4,000 | - | - | - | (4,000) |
| Debt service - interest | <u>11,344</u> | <u>10,368</u> | <u>-</u> | <u>-</u> | <u>(976)</u> |
| Total governmental activities | <u>\$ 422,259</u> | <u>\$ 77,255</u> | <u>\$ 3,719</u> | <u>\$ 9,824</u> | <u>(331,461)</u> |
| General revenues: | | | | | |
| Taxes | | | | | 193,442 |
| State grants | | | | | 211,850 |
| Franchise fees | | | | | 1,308 |
| Investment income | | | | | 21,407 |
| Total general revenues | | | | | <u>428,007</u> |
| Change in net assets | | | | | 96,546 |
| Net assets - beginning | | | | | <u>1,553,418</u> |
| Net assets - ending | | | | | \$ 1,649,964 |

See notes to financial statements

Township of Johnstown
BALANCE SHEET - governmental funds

March 31, 2006

| | | <u>Special revenue</u> | | |
|--|-------------------|------------------------|--------------------------|-------------------|
| | <u>General</u> | <u>Fire</u> | <u>Fine Lake Aquatic</u> | <u>Building</u> |
| ASSETS | | | | |
| Cash | \$ 277,104 | \$ 185,474 | \$ 52,725 | \$ 500,000 |
| Receivables | 51,244 | 7,577 | 51,418 | - |
| Prepaid expenses | 16,613 | - | - | - |
| | | | | |
| Total assets | <u>\$ 344,961</u> | <u>\$ 193,051</u> | <u>\$ 104,143</u> | <u>\$ 500,000</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Payables | \$ 5,390 | \$ - | \$ - | \$ - |
| Deferred revenue | - | - | 49,400 | - |
| | | | | |
| Total liabilities | <u>5,390</u> | <u>-</u> | <u>49,400</u> | <u>-</u> |
| Fund balances: | | | | |
| Reserved for perpetual care | - | - | - | - |
| Unreserved, undesignated | 339,571 | 193,051 | 54,743 | 500,000 |
| Unreserved, undesignated, reported in nonmajor: Special revenue fund | - | - | - | - |
| | | | | |
| Total fund balances | <u>339,571</u> | <u>193,051</u> | <u>54,743</u> | <u>500,000</u> |
| | | | | |
| Total liabilities and fund balances | <u>\$ 344,961</u> | <u>\$ 193,051</u> | <u>\$ 104,143</u> | <u>\$ 500,000</u> |

| <u>Debt service</u> | <u>Total nonmajor governmental funds</u> | <u>Total governmental funds</u> |
|-------------------------|--|---|
| <u>Sewer</u> | | |
| \$ - | \$ 147,036 | \$ 1,162,339 |
| 215,168 | 3,788 | 329,195 |
| - | - | 16,613 |
| <u>\$ 215,168</u> | <u>\$ 150,824</u> | <u>\$ 1,508,147</u> |
| | | |
| \$ 6,478 | \$ - | \$ 11,868 |
| 208,690 | - | 258,090 |
| <u>215,168</u> | <u>-</u> | <u>269,958</u> |
| | | |
| - | 3,326 | 3,326 |
| - | | 1,087,365 |
| | | |
| - | 147,498 | 147,498 |
| | | |
| - | 150,824 | 1,238,189 |
| | | |
| <u>\$ 215,168</u> | <u>\$ 150,824</u> | <u>\$ 1,508,147</u> |

See notes to financial statements

Township of Johnstown
BALANCE SHEET - governmental funds (Continued)
March 31, 2006

| | <u>Total governmental funds</u> |
|--|--|
| Total fund balances | \$ 1,238,189 |
| Amounts reported for <i>governmental activities</i> in the statement of net assets (page 4) are different because: | |
| Capital assets used in <i>governmental activities</i> are not financial resources and, therefore, are not reported in the funds. | 411,775 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. | 200,156 |
| Long-term liabilities, including contracts payable, are not due and payable in the current period and, therefore, are not reported in the funds. | <u>(200,156)</u> |
| Net assets of <i>governmental activities</i> | <u>\$ 1,649,964</u> |

See notes to financial statements

Township of Johnstown

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND

BALANCES - governmental funds

Year ended March 31, 2006

| | | Special revenue | | |
|---|-------------------|------------------------|--------------------------|-------------------|
| | General | Fire | Fine Lake Aquatic | Building |
| REVENUES | | | | |
| Taxes | \$ 106,846 | \$ 85,416 | \$ - | \$ - |
| Federal grants | 5,069 | - | - | - |
| State grants | 211,850 | - | - | - |
| Charges for services | 23,791 | - | - | - |
| Interest | 15,083 | 2,506 | 788 | - |
| Other | 956 | - | 26,300 | - |
| Total revenues | <u>363,595</u> | <u>87,922</u> | <u>27,088</u> | <u>-</u> |
| EXPENDITURES | | | | |
| Legislative | 8,706 | - | - | - |
| General government | 133,748 | - | - | - |
| Public safety | 91,656 | 213 | - | - |
| Public works | 88,657 | - | 16,387 | - |
| Health and welfare | 2,500 | - | - | - |
| Culture and recreation | 4,000 | - | - | - |
| Capital outlay | 8,842 | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Total expenditures | <u>338,109</u> | <u>213</u> | <u>16,387</u> | <u>-</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | <u>25,486</u> | <u>87,709</u> | <u>10,701</u> | <u>-</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 35,018 | - | - | 125,000 |
| Transfers out | (125,000) | - | - | - |
| Total other sources (uses) | <u>(89,982)</u> | <u>-</u> | <u>-</u> | <u>125,000</u> |
| NET CHANGES IN FUND BALANCES | <u>(64,496)</u> | <u>87,709</u> | <u>10,701</u> | <u>125,000</u> |
| FUND BALANCES - BEGINNING | <u>404,067</u> | <u>105,342</u> | <u>44,042</u> | <u>375,000</u> |
| FUND BALANCES - ENDING | <u>\$ 339,571</u> | <u>\$ 193,051</u> | <u>\$ 54,743</u> | <u>\$ 500,000</u> |

| <u>Debt Service</u> | <u>Total nonmajor governmental funds</u> | <u>Total governmental funds</u> |
|-------------------------|--|---|
| <u>Sewer</u> | | |
| \$ - | \$ 42,703 | \$ 234,965 |
| - | - | 5,069 |
| - | - | 211,850 |
| - | - | 23,791 |
| 11,344 | 3,080 | 32,801 |
| <u>71,338</u> | <u>-</u> | <u>98,594</u> |
| 82,682 | 45,783 | 607,070 |
| - | - | 8,706 |
| - | - | 133,748 |
| - | - | 91,869 |
| - | 96 | 105,140 |
| - | - | 2,500 |
| - | - | 4,000 |
| - | - | 8,842 |
| 71,338 | - | 71,338 |
| <u>11,344</u> | <u>-</u> | <u>11,344</u> |
| 82,682 | 96 | 437,487 |
| - | 45,687 | 169,583 |
| - | - | 160,018 |
| <u>-</u> | <u>(35,018)</u> | <u>(160,018)</u> |
| - | (35,018) | - |
| - | 10,669 | 169,583 |
| - | 140,155 | 1,068,606 |
| <u>\$ -</u> | <u>\$ 150,824</u> | <u>\$ 1,238,189</u> |

See notes to financial statements

Township of Johnstown

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - governmental funds (Continued)**

Year ended March 31, 2006

| | <i>Total governmental funds</i> |
|--|--|
| Net change in fund balances - total governmental funds | \$ 169,583 |
| Amounts reported for <i>governmental activities</i> in the statement of activities (page 5) are different because: | |
| Capital assets: | |
| Assets acquired | 11,439 |
| Provision for depreciation | (62,794) |
| Long-term debt: | |
| Principal repayments | 71,338 |
| Changes in other assets/liabilities: | |
| Net decrease in deferred revenue | <u>(93,020)</u> |
| Change in net assets of <i>governmental activities</i> | <u>\$ 96,546</u> |

See notes to financial statements

Township of Johnstown
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Township of Johnstown, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies.

a) Reporting entity:

The accompanying financial statements present only the Township. There are no component units, entities for which the Township is considered to be financially accountable.

b) Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Township. The effect of inter-fund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

c) Measurement focus, basis of accounting, and financial statement presentation:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township generally considers revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the government.

Township of Johnstown
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) Measurement focus, basis of accounting, and financial statement presentation (continued):

The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Fire Fund accounts for the financial resources used for the operational costs of the Township public safety functions. Revenues are primarily derived from property taxes.

The Fine Lake Aquatic Fund accounts for weed control financed through special assessments.

The Building Fund accounts for amounts designated for building improvements.

The Sewer Debt Service Fund accounts for the issuance and payment of debt related to sewer improvements.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board (GASB).

The Township utilizes a single fiduciary fund, its Tax Collection Fund, which account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

d) Assets, liabilities, and net assets or equity:

i) Bank deposits - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Pooled interest income is proportionately allocated to all funds.

ii) Receivables - In general, outstanding balances between funds are reported as "due to/from other funds." No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

iii) Prepaid items - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Township of Johnstown
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) Assets, liabilities, and net assets or equity:

iv) Capital assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$1,000 (\$10,000 for infrastructure assets) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets prospectively, beginning April 1, 2004.

Capital assets are depreciated using the straight-line method over the following useful lives:

| | |
|----------------------------|---------------|
| Buildings and improvements | 20 - 40 years |
| Equipment | 3 - 5 years |
| Vehicles | 10 - 15 years |

v) Deferred revenue - In the fund financial statements, governmental funds report deferred revenue in connection with resources for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

vi) Fund equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

vii) Property tax revenue recognition - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, the total levy is recognized as revenue in the current year.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget document presents information by fund, function, and department. The legal level of budgetary control adopted by the governing body is the function level. All annual appropriations lapse at the end of the fiscal year.

The following schedule set forth significant budget variations:

| <u>Fund</u> | <u>Function</u> | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|-------------|-----------------|---------------|---------------|-----------------|
| General | Legislative | \$ 7,200 | \$ 8,706 | \$ 1,506 |
| | Public safety | 88,400 | 91,656 | 3,256 |

Township of Johnstown
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - CASH:

State statutes and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Township's deposits are in accordance with statutory authority. At March 31, 2006, the Township had deposits with a carrying amount of \$1,162,339.

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the Township will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by federal depository insurance and are uncollateralized. At March 31, 2006, \$490,394 of the Township's bank balances of \$1,179,399 was exposed to custodial credit risk because it was uninsured and uncollateralized.

The Township believes that it is impractical to insure all bank deposits due to the amounts of the deposits and the limits of FDIC insurance. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the risk level of each institution. Only the institutions with an acceptable estimated risk level are used as depositories.

NOTE 4 - RECEIVABLES:

Receivables as of year end for the Township's individual major and nonmajor funds, in the aggregate, are as follows:

| <i>Fund</i> | <i>Interest</i> | <i>Property taxes</i> | <i>Special assessments</i> | <i>Inter- governmental</i> | <i>Total</i> |
|--------------------|-----------------|---------------------------|--------------------------------|--------------------------------|-------------------|
| General | \$ - | \$ 9,192 | \$ - | \$ 42,052 | \$ 51,244 |
| Fire | - | 7,577 | - | - | 7,577 |
| Fine Lake Aquatic | 58 | - | 51,360 | - | 51,418 |
| Sewer Debt Service | 1,025 | - | 214,143 | - | 215,168 |
| Nonmajor funds | - | 3,788 | - | - | 3,788 |
| Totals | <u>\$ 1,083</u> | <u>\$ 20,557</u> | <u>\$ 265,503</u> | <u>\$ 42,052</u> | <u>\$ 329,195</u> |
| Noncurrent portion | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 180,984</u> | <u>\$ -</u> | <u>\$ 180,984</u> |

All receivables are considered fully collectible.

Township of Johnstown
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - CAPITAL ASSETS:

Capital asset activity for the year ended March 31, 2006, was as follows:

| | <u>Beginning balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending balance</u> |
|---|------------------------------|------------------|------------------|---------------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated - land | \$ 5,012 | \$ - | \$ - | \$ 5,012 |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 103,488 | 1,932 | - | 105,420 |
| Equipment | 163,758 | 6,412 | - | 170,170 |
| Vehicles | 755,333 | 3,095 | - | 758,428 |
| Subtotal | 1,022,579 | 11,439 | - | 1,034,018 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 69,621 | 3,105 | - | 72,726 |
| Equipment | 88,140 | 22,036 | - | 110,176 |
| Vehicles | 406,700 | 37,653 | - | 444,353 |
| Subtotal | 564,461 | 62,794 | - | 627,255 |
| Total capital assets being depreciated, net | 458,118 | (51,355) | - | 406,763 |
| Governmental activities capital assets, net | \$ 463,130 | \$ (51,355) | \$ - | \$ 411,775 |

Depreciation expense was charged to functions of the Township as follows:

| | |
|-------------------------------|-----------|
| Governmental activities: | |
| General government | \$ 974 |
| Public safety | 61,820 |
| Total governmental activities | \$ 62,794 |

NOTE 6 - DEFERRED REVENUE:

As of March 31, 2006, the various components of deferred revenues are as follows:

| | <u>Unearned</u> | <u>Unavailable</u> | <u>Totals</u> |
|---------------------|-----------------|--------------------|---------------|
| Special assessments | \$ 49,400 | \$ 208,690 | \$ 258,090 |

Township of Johnstown
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 - LONG-TERM DEBT:

Long-term debt at March 31, 2006, is comprised of the following issue:

Special assessment debt with governmental commitment:

The Township has a contractual agreement to remit to the Southwest Barry County Sewer and Water Authority all principal and interest collections arising from special assessments levied on properties served by the Authority. The Township is contingently liable for \$499,924 of outstanding water and sewer system contracts payable, in excess of the amounts which are to be repaid from collections of special assessments currently levied against properties within the Township. The Township has pledged its full faith and credit toward the total amounts due and anticipates that additional future assessments and other customer charges will be used to pay the contract liabilities.

Long-term liability activity for the year ended March 31, 2006 was as follows:

| | | |
|-----------------------------|----|-----------------|
| Beginning | \$ | 280,028 |
| Additions | | - |
| Reductions | | <u>(71,338)</u> |
| Ending | \$ | <u>208,690</u> |
| Amounts due within one year | \$ | <u>52,256</u> |

Debt service requirements at March 31, 2006, were as follows:

| | <u>Principal</u> | <u>Interest</u> |
|----------------------|-------------------|------------------|
| Year ended March 31: | | |
| 2007 | \$ 52,256 | \$ 12,521 |
| 2008 | 52,256 | 9,386 |
| 2009 | 52,256 | 6,251 |
| 2010 | <u>51,922</u> | <u>3,115</u> |
| Totals | <u>\$ 208,690</u> | <u>\$ 31,273</u> |

Township of Johnstown
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 - INTERFUND TRANSFERS:

A summary of interfund transfers for the year ended March 31, 2006, as follows:

| <u>Fund</u> | <u>Transfer in</u> | <u>Fund</u> | <u>Transfer out</u> |
|-------------|--------------------|-------------|---------------------|
| General | \$ 35,018 | Road | \$ 35,000 |
| | | Cemetery | 18 |
| | | | <u>35,018</u> |
| Building | <u>125,000</u> | General | <u>125,000</u> |
| | \$ 160,018 | | \$ 160,018 |

The transfers to the General Fund represents restricted revenues collected in the Road and Cemetery Funds to pay for operational costs of the public works and cemetery functions respectively, accounted for in the General Fund.

The transfer to the Building Fund represents Township Board designations for future building improvements

NOTE 9 - PENSION PLAN:

The Township provides pension benefits for its elected officials through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate from the date of employment. The Township's contributions are vested after six months of continuous service. The Township made the required contributions of \$16,850 for the year ended March 31, 2006.

The Township is not a trustee of the plan, nor is the Township responsible for investment management of plan assets.

NOTE 10 - RISK MANAGEMENT:

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for each of these claims and is neither self-insured nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 11 - JOINTLY GOVERNED ENTITY:

The Township, together with the Townships of Barry, Hope, and Prairieville established the Southwest Barry County Sewer and Water Authority (the Authority), under the provisions of Act 233 of 1955, to operate, maintain, administer, and manage a sewage collection and disposal system. The governing body of the Authority is made up of the supervisors of each member township. Membership does not convey an equity interest in the organization. Operating costs are financed through user fees, and debt service costs are paid from special assessments upon benefited properties.

REQUIRED SUPPLEMENTARY INFORMATION

Township of Johnstown
BUDGETARY COMPARISON SCHEDULE - General Fund
Year ended March 31, 2006

| | <u>Original budget</u> | <u>Amended budget</u> | <u>Actual</u> | <u>Variance favorable (unfavorable)</u> |
|---------------------------------|----------------------------|---------------------------|----------------|---|
| REVENUES | | | | |
| Taxes | \$ 95,000 | \$ 95,000 | \$ 106,846 | \$ 11,846 |
| Federal grants | - | - | 5,069 | 5,069 |
| State grants | 210,000 | 210,000 | 211,850 | 1,850 |
| Charges for services | 16,000 | 16,000 | 23,791 | 7,791 |
| Interest | 5,000 | 5,000 | 15,083 | 10,083 |
| Other | 3,800 | 3,800 | 956 | (2,844) |
| Total revenues | <u>329,800</u> | <u>329,800</u> | <u>363,595</u> | <u>33,795</u> |
| EXPENDITURES | | | | |
| Legislative | <u>7,200</u> | <u>7,200</u> | <u>8,706</u> | <u>(1,506)</u> |
| General government: | | | | |
| Supervisor | 17,745 | 17,745 | 17,109 | 636 |
| Election | 5,600 | 5,600 | 3,588 | 2,012 |
| Assessor | 21,680 | 21,680 | 21,187 | 493 |
| Clerk | 22,350 | 22,350 | 20,862 | 1,488 |
| Board of review | 1,375 | 1,375 | 1,052 | 323 |
| Treasurer | 24,970 | 24,970 | 23,035 | 1,935 |
| Hall and grounds | 8,800 | 8,800 | 7,515 | 1,285 |
| Cemetery | 8,300 | 8,500 | 8,454 | 46 |
| Other | 34,300 | 34,300 | 30,946 | 3,354 |
| Total general government | <u>145,120</u> | <u>145,320</u> | <u>133,748</u> | <u>11,572</u> |
| Public safety - fire protection | <u>83,200</u> | <u>88,400</u> | <u>91,656</u> | <u>(3,256)</u> |
| Public works: | | | | |
| Highways and streets | 87,764 | 87,764 | 85,244 | 2,520 |
| Street lights | 1,000 | 1,000 | 911 | 89 |
| Transfer station | 2,500 | 2,500 | 2,502 | (2) |
| Total public works | <u>91,264</u> | <u>91,264</u> | <u>88,657</u> | <u>2,607</u> |

Township of Johnstown

BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)

Year ended March 31, 2006

| | <u>Original budget</u> | <u>Amended budget</u> | <u>Actual</u> | <u>Variance favorable (unfavorable)</u> |
|--|----------------------------|---------------------------|-------------------|---|
| EXPENDITURES (Continued) | | | | |
| Health and welfare - ambulance | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ - |
| Recreation and culture - library | 4,000 | 4,000 | 4,000 | - |
| Capital outlay | 8,400 | 8,400 | 8,842 | (442) |
| Total expenditures | <u>341,684</u> | <u>347,084</u> | <u>338,109</u> | <u>8,975</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(11,884)</u> | <u>(17,284)</u> | <u>25,486</u> | <u>42,770</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in: | | | | |
| Road Fund | 60,000 | - | 35,000 | 35,000 |
| Cemetery Fund | - | - | 18 | 18 |
| Total transfers in | 60,000 | - | 35,018 | 35,018 |
| Transfer to Building Fund | - | (125,000) | (125,000) | - |
| Total other financing sources (uses) | <u>60,000</u> | <u>(125,000)</u> | <u>(89,982)</u> | <u>35,018</u> |
| NET CHANGE IN FUND BALANCE | 48,116 | (142,284) | (64,496) | 77,788 |
| FUND BALANCES - BEGINNING | <u>404,067</u> | <u>404,067</u> | <u>404,067</u> | <u>-</u> |
| FUND BALANCES - ENDING | <u>\$ 452,183</u> | <u>\$ 261,783</u> | <u>\$ 339,571</u> | <u>\$ 77,788</u> |

Township of Johnstown
BUDGETARY COMPARISON SCHEDULE - Fire Fund
Year ended March 31, 2006

| | <u>Original budget</u> | <u>Amended budget</u> | <u>Actual</u> | <u>Variance favorable (unfavorable)</u> |
|-----------------------------------|----------------------------|---------------------------|-------------------|---|
| REVENUES | | | | |
| Taxes | \$ 76,200 | \$ 76,200 | \$ 85,416 | \$ 9,216 |
| Interest | <u>1,000</u> | <u>1,000</u> | <u>2,506</u> | <u>1,506</u> |
| Total revenues | <u>77,200</u> | <u>77,200</u> | <u>87,922</u> | <u>10,722</u> |
| EXPENDITURES | | | | |
| Public safety | <u>-</u> | <u>-</u> | <u>213</u> | <u>(213)</u> |
| NET CHANGE IN FUND BALANCE | 77,200 | 77,200 | 87,709 | 10,509 |
| FUND BALANCES - BEGINNING | <u>105,342</u> | <u>105,342</u> | <u>105,342</u> | <u>-</u> |
| FUND BALANCES - ENDING | <u>\$ 182,542</u> | <u>\$ 182,542</u> | <u>\$ 193,051</u> | <u>\$ 10,509</u> |

Township of Johnstown**BUDGETARY COMPARISON SCHEDULE - Fine Lake Aquatic Fund**

Year ended March 31, 2006

| | <u>Original budget</u> | <u>Amended budget</u> | <u>Actual</u> | <u>Variance favorable (unfavorable)</u> |
|-----------------------------------|-----------------------------------|----------------------------------|----------------------|--|
| REVENUES | | | | |
| Interest | \$ - | \$ - | \$ 788 | \$ 788 |
| Other - special assessments | <u>25,400</u> | <u>25,400</u> | <u>26,300</u> | <u>900</u> |
| Total revenues | <u>25,400</u> | <u>25,400</u> | <u>27,088</u> | <u>1,688</u> |
| EXPENDITURES | | | | |
| Public works | <u>15,000</u> | <u>16,500</u> | <u>16,387</u> | <u>113</u> |
| NET CHANGE IN FUND BALANCE | 10,400 | 8,900 | 10,701 | 1,801 |
| FUND BALANCES - BEGINNING | <u>44,042</u> | <u>44,042</u> | <u>44,042</u> | <u>-</u> |
| FUND BALANCES - ENDING | <u>\$ 54,442</u> | <u>\$ 52,942</u> | <u>\$ 54,743</u> | <u>\$ 1,801</u> |

Township of Johnstown
BUDGETARY COMPARISON SCHEDULE - Building Fund
Year ended March 31, 2006

| | <u>Original budget</u> | <u>Amended budget</u> | <u>Actual</u> | <u>Variance favorable (unfavorable)</u> |
|----------------------------------|----------------------------|---------------------------|-------------------|---|
| OTHER FINANCING SOURCES | | | | |
| Transfer from General Fund | \$ - | \$ 125,000 | \$ 125,000 | \$ - |
| FUND BALANCES - BEGINNING | <u>375,000</u> | <u>375,000</u> | <u>375,000</u> | <u>-</u> |
| FUND BALANCES - ENDING | <u>\$ 375,000</u> | <u>\$ 500,000</u> | <u>\$ 500,000</u> | <u>\$ -</u> |

SUPPLEMENTARY INFORMATION

Township of Johnstown
COMBINING BALANCE SHEET - nonmajor governmental funds
 March 31, 2006

| | <u>Special revenue</u> | <u>Permanent Cemetery Perpetual Care</u> | <u>Total</u> |
|-----------------------------|----------------------------|--|-------------------|
| | <u>Road</u> | | |
| ASSETS | | | |
| Cash | \$ 143,710 | \$ 3,326 | \$ 147,036 |
| Receivables | <u>3,788</u> | <u>-</u> | <u>3,788</u> |
| Total assets | <u>\$ 147,498</u> | <u>\$ 3,326</u> | <u>\$ 150,824</u> |
| FUND BALANCES | | | |
| Fund balances: | | | |
| Reserved for perpetual care | \$ - | \$ 3,326 | \$ 3,326 |
| Unreserved, undesignated | <u>147,498</u> | <u>-</u> | <u>147,498</u> |
| Total fund balances | <u>\$ 147,498</u> | <u>\$ 3,326</u> | <u>\$ 150,824</u> |

Township of Johnstown**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - nonmajor governmental funds**

Year ended March 31, 2006

| | <u>Special revenue</u> | <u>Permanent Cemetery Perpetual Care</u> | <u>Total</u> |
|---|----------------------------|--|-------------------|
| | <u>Road</u> | | |
| REVENUES | | | |
| Taxes | \$ 42,703 | \$ - | \$ 42,703 |
| Interest | 3,060 | 20 | 3,080 |
| Total revenues | <u>45,763</u> | <u>20</u> | <u>45,783</u> |
| EXPENDITURES | | | |
| Public works | <u>96</u> | <u>-</u> | <u>96</u> |
| EXCESS OF REVENUES OVER EXPENDITUR | 45,667 | 20 | 45,687 |
| OTHER FINANCING USES | | | |
| Transfers out | <u>(35,000)</u> | <u>(18)</u> | <u>(35,018)</u> |
| NET CHANGES IN FUND BALANCES | 10,667 | 2 | 10,669 |
| FUND BALANCES - BEGINNING | <u>136,831</u> | <u>3,324</u> | <u>140,155</u> |
| FUND BALANCES - ENDING | <u>\$ 147,498</u> | <u>\$ 3,326</u> | <u>\$ 150,824</u> |